

Message Text

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C O N F I D E N T I A L MILAN 2069

E.O. 11652: GDS
TAGS: PFOR, PINR, IT
SUBJECT: POST-VACATION VIEWS OF CORTESI, PRESIDENT OF ALFA-ROMEO

1. CONSUL GENERAL CALLED ON CORTESI ON SEPTEMBER 23 TO INQUIRE ABOUT TH CURRENT SITUATION AS SEEN FROM ALFA-ROMEO.
2. CORTESI, WHOSE FIRM HAS 45,000 EMPLOYEES IN ITALY AND CLOSE TO 20,000 IN MILAN HAS PROVEN TO BE AN EXTRAORDINARILY WELL-BALANCED AND PERCEPTIVE OBSERVER.
3. THE TRADE UNION SITUATION SINCE MAY HAS CHANGED ABRUPTLY FOR THE BETTER. PRIOR TO THE MAY SETTLEMEN, ABSENTEEISM AT ALFA-ROMEO IN MILAN HAD BEEN RISING STEADILY AND HAD REACHED SLIGHTLY MORE TAN 30 PERCENT IN APRIL OF 1976. IMMEDIATELY FOLLOWING TH MAY SETTLEMENT AND THE COMMITMENT OF THE TRADE UNIONS TO DO SOMETHING ABOUT ABSENTEEISM, IT DROPPED SHARPLY AND IS NOW RUNNING ABOUT 18 PERCENT OR LESS. THERE HAS BEEN SOMEWHAT THE SAME EVOLUTION IN THE OTHER ALFA PLANTS IN LEGHORN, NAPLES AND POMIGLIANO D'ARCO.
4. HAD IT NOT BEEN FOR THE LOSS OF MANHOURS LAST YEAR THAT COST ABOUT 7,000 CARS PRODUCTION,ALFA-ROMEO IN MILAN, AT ANY RATE, WOULD HAVE BROKEN ABOUT EVEN. THAT, SAID CORTESI, IS EVIDENCE THAT IT CAN BE DONE AND HE IS HOPEFUL OF GETTING THE FIRM BACK INTO THE BLACK.

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5. IN LARGE PART, THE PROBLEM DEPENDS UPON TRADE UNION RELATIONS.

RIGHT NOW, PRODUCTION IS PROCEEDING AT A VERY SATISFACTORY CLIP IN MILAN. THERE HAD BEEN VIRTUALLY NO LOST TIME SINCE THE MAY SETTLEMENT. AND THE TRADE UNIONS HAD EVEN MADE AN EFFORT TO DEAL WITH THE EXTREMELY DIFFICULT PROBLEM IN THE NAPLES AREA. HERE THERE ARE ABOUT 16,000 EMPLOYEES, FEW OF THEM WITH ANY PREVIOUS INDUSTRIAL EXPERIENCE, WHO ARE TRYING TO MAKE A COMPLEX MODERN AUTOMOBILE PLANT FUNCTION COMPETITIVELY. THERE WOULD, UNDER ANY CIRCUMSTANCES, BE DIFFICULT START-UP PROBLEMS. BUT ALL THAT WAS COMPLICATED BY THE LACK OF A TRADE UNION TRADITION. THE UNIONS SIMPLY HAVE MINIMAL INFLUENCE WITH THEIR MEMBERS. AND SINCE MANAGEMENT HAS TO DEPEND UPON ITS DIALOGUE WITH THE TRADE UNION LEADERSHIP FOR COMMUNICATION AND DISCIPLINE, THE PROCESS OF MANAGEMENT IN THE ALFA SUD PLANT HAS BEEN UNUSUALLY DIFFICULT. AFTER THE MAY SETTLEMENT, CGIL LEADER TRENTIN PROMISED TO MAKE AN EFFORT TO IMPROVE PRODUCTIVITY THERE. AT THE TIME, ALFA SUD WAS PRODUCING ABOUT 283 UNITS A DAY. THE UNIONS CLAIMED THAT THE FAULT LAY WITH THE POOR MANAGEMENT AND POOR DESIGN OF THE FACILITIES. NEVERTHELESS, AFTER THE NATIONAL HEAD-QUARTERS BEGAN TO PUT THE SCREWS ON THE LOCAL MEMBERSHIP, PRODUCTION JUMPED IN THE NEXT MONTH TO OVER 400 UNITS A DAY AND HAS REMAINED IN THE 300 TO 400 RANGE EVEN HITTING 500 A DAY AT THE PRESENT TIME. ACCORDING TO CORTESI, THAT PRETTY MUCH DISPOSES OF THE MYTH THAT IT'S A DESIGN PROBLEM. BUT EVEN SO, ABSENTEEISM REMAINS HIGH AND PRODUCTIVITY IS NOT ADEQUATE. HE HAS GONE TO THE UNION LEADERSHIP AND POINTED OUT THAT IT STILL ISN'T ADEQUATE. AND HE HAS BEGUN TO CARRY THE ARGUMENT TO THE PUBLIC BY MAKING AVAILABLE DETAILED FIGURES ON THE POOR QUALITY OF THE LABOR INPUT. HE IS PRESSING THE LABOR LEADERSHIP HARD AND EXPECTS TO GET EVEN BETTER RESULTS. IT IS ENCOURAGING, HE SAID, THAT THE LEADERSHIP RECOGNIZES THE PROBLEM AND IS TRYING TO DO SOMETHING ABOUT IT EVEN IF ITS HOLD ON EMPLOYEES IN THE SOUTH IS MUCH LESS THAN IN THE NORTH. BUT, HE SAID, IT'S WORTH NOTING THAT WHEN HE FIRED 50 OR 60 EMPLOYEES AT ALFA SUD WITH THE WORST RECORDS OF ABSENTEEISM, THE TRADE UNIONS SIMPLY LOOKED THE OTHER WAY AND NEVER BATTED AN EYELASH. WHEN HE DID THE SAME IN MILAN ON A SMALLER SCALE, HE GOT A LOT OF BACKLASH, BUT IT WAS STILL A PRODUCTIVE MOVE TO FORCE IMPROVED ATTENDANCE.

6. ONE OF THE PROBLEMS OF MOST INTEREST HAS BEEN THE DIFFICULTY OF HIRING NEW EMPLOYEES. ALFA HAD A COMMITMENT TO INCREASE ITS
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STAFFING MADE WITH THE TRADE UNIONS. BUT HE HAS FOUND THAT DESPITE ADVERTISING, IT HAS BEEN VERY DIFFICULT TO RECRUIT NEW EMPLOYEES. CORTESI ATTRIBUTES THIS IN PART TO THE UNWILLINGNESS OF YOUNG FIRST-JOB SEEKERS TO ACCEPT INDUSTRIAL EMPLOYMENT AND PARTLY TO THE VISCOSITY OF THE ITALIAN LABOR MARKET.

7. LOOKING TO THE GLOBAL SITUATION, CORTESI WAS NOT PESSIMISTIC. HE WOULD NOT ATTEMPT TO MAKE A POLITICAL JUDGMENT ABOUT TRADE UNION

MOTIVATION. BUT HE WAS IMPRESSED, HE SAID, WITH THE FACT THAT THE DISCUSSIONS BETWEEN MANAGEMENT AND LABOR WERE MARKED BY SUBSTANTIAL ACCEPTANCE ON BOTH SIDES OF THE TERMS OF THE PROBLEM AND OF THE DESIRABILITY OF MAKING THE EXISTING SYSTEM WORK. NEGOTIATING WITH THE REPRESENTATIVES OF HIS LEGHORN PLANT, HE SAID, WAS LIKE SITTING DOWN AROUND A TABLE WITH A COLLECTION OF AMERICAN CAPITALISTS. THEY ARE COMMUNIST TRADE UNIONISTS BUT THEY ARE TALKING IN THE SAME TERMS AS MANAGEMENT AND THAT MAKES PRACTICAL SOLUTIONS EASIER TO REACH THAN IN THE PAST.

8. CORTESI SAID HE DID NOT WANT TO TRY TO EXTRAPOLATE THE ALFA-ROMEO EXPERIENCE TO OTHER SECTORS. BUT IF THE PRESENT PHASE OF LABOR PEACE CONTINUED FOR ANOTHER TWO YEARS, THE ITALIAN ECONOMY WOULD TAKE OFF LIKE A ROCKET.FINA

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